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ABSTRACT

Written expressly for the National Home Study Council (NHSC) school executive, this course is an introduction, refresher, and reminder on the various ethical and administrative standards developed by and required of NHSC-accredited schools. It is intended to acquaint accredited school staff with the NHSC Business Standards and should become an integral part of an accredited school's new employee training program. The five lessons require the completion and submission of four assignments to complete the course. The assignments are as follows: analyze a magazine advertisement, create an advertisement for a newspaper, calculate refunds, and complete a final examination. The course is designed to take 6-8 hours. Lesson 1 is introduction. Lesson 2 covers history of the private home study movement and NHSC Code of Ethics. Lesson 3 is concerned with advertising practices. It provides a workshop on evaluating advertisements, contains a self-test, and concludes with a checklist for ads. Lesson 4 focuses on student enrollment, the "contract" or enrollment agreement, federal regulations and other requirements, admissions policies, and sales representatives. A workshop on representatives is provided. Lesson 5 covers tuition, the NHSC refund policy, and tuition collections. A workshop on tuition is provided. The final examination follows lesson 5. An examiner's rating form is appended. (YLB)

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NHSC BUSINESS STANDARDS COURSE

A home study course on the ethical standards of the National Home Study Council

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NHSC Business Standards Course

A home study course on the ethical standards of the National Home Study Council.

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National Home Study Council
1601 18th Street, NW
Washington, D.C. 20009
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The National Home Study Council, a voluntary association of accredited home study schools, was founded in 1926 to promote sound educational standards and ethical business practices within the home study field. The independent NHSC Accrediting Commission is listed by the United States Department of Education as a "nationally recognized accrediting agency." The Accrediting Commission is also a recognized member of the Council on Postsecondary Accreditation (COPA).

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Lesson One

Introduction

Welcome to the Course

The National Home Study Council is proud to bring you this home study course on the *NHSC Business Standards.*

In accepting the mantle of NHSC accreditation, a school has voluntarily obligated its entire staff and operations to observing the Standards for Accreditation. The school must comply with the policies, procedures and practices defined by the standards. These standards require that a school must also conform to the provisions of all applicable state and federal laws and regulations which would take precedence if there is a variance with the standards.

The observance of minimum standards by all schools helps assure that the "playing field is level."

Much has been said over the years about the need for minimum standards to assure a national level of ethical conduct and a uniform quality level for schools. The community of legitimate correspondence study educators has always insisted on "fair play" in the marketplace. The observance of minimum standards by all schools helps assure that the "playing field is level." For nearly 70 years, such peer group-established standards have been developed and subsequently refined by concerned correspondence educators.

This home study course has been written to acquaint NHSC accredited school staff members with the *NHSC Business Standards.* This program should become an integral part of an accredited school's new employee training program. In addition, senior school officials in all school departments should enroll in and complete this course.

Learning Goals

As a result of successful completion of all course assignments, you will be able to:

1. Discuss the history of the NHSC and its development of ethical standards;

2. Define the purposes and uses of the *NHSC Business Standards;*

3. Identify violations of the standards in advertising and promotional literature;

4. Apply the standards to everyday situations;

5. Prepare a school advertisement which meets the standards; and

6. Use the standards in monitoring promotional practices in a school, thereby assuring ethical conduct of all school personnel and providing a good public image for the school.

A copy of the *NHSC Business Standards* brochure is enclosed with this course. It is your "textbook" for the course.

A copy of the *NHSC Business Standards* brochure is enclosed with this course. It is your "textbook" for the course.

Course Requirements

You must complete and submit four assignments to successfully complete the course. These are:

Assignments—

1. Analyze a magazine advertisement;

2. Create an advertisement for a newspaper;

3. Calculate refunds; and

4. Complete a final examination

These four assignments should be mailed to the Course Instructor for evaluation. Mail your work to:

Business Standards Course
National Home Study Council
1601 18th Street, N.W.
Washington, D.C. 20009

Your Instructor will evaluate and return your work to you. Satisfactory completion of all four assignments will earn you a *Certificate of Completion.*

If you apply yourself, you can successfully complete this course in about 6 to 8 hours of study. Please study this course as though your school's future depends on the outcome . . . it just might!

We believe you will then be on your way to a more rewarding and

gratifying future in the field of home study education.

Who Should Study This Course?

This course was written expressly for the busy NHSC school executive as an "introduction, refresher and reminder" on the various ethical and administrative standards developed by and required of NHSC accredited schools.

It is a course for top school executives, marketing personnel, sales persons, registrars, legal staff or anyone in an accredited home study school interested in the sales and enrollment functions.

The Textbook

The "textbook" for the course is the enclosed brochure entitled *NHSC Business Standards.* This document is succinct, but its contents have been developed and refined for nearly 70 years. Its rules for ethical conduct are the result of both bitter and happy experiences. Its tone is no nonsense. Its prescription for institutional behavior is based on common sense, equity and fair play. Its message is just plain old fashioned: "Do unto others as you would have them to unto you."

As you work through each lesson of this course, keep your *NHSC Business Standards* brochure handy. Study it. Refer to it. Use it in daily management.

Your "textbook" for this course.

Why a Home Study Course?

But why a home study course on the Business Standards? Why should you spend your valuable time taking this course? Let's hear what the Chairman of the NHSC Business Standards Committee, Roy O. Winter, has to say about it:

> "It's a good time to take a refresher course on the Business Standards. Our field has just emerged from the shadow of one of the cyclical 'student aid scandals' that seem to occur every ten years. As accredited institutions, we cannot afford to repeat the past. As correspondence education moves further into the mainstream of education and into the 21st century, school executives need to be sensitive to the fact that home study will always be under the public's microscope. Our ads and materials appear in national print media, on TV and in virtually millions of mailboxes every month. Zealous observance of the Business Standards is our best way to continue to build public confidence in our form of education."

Its message is just plain old fashioned: "Do unto others as you would have them do unto you."

Completion of this home study course is an excellent way to be sure you are an expert in sound, ethical business practices. It is one task which ***cannot*** be delegated. The expense of handling a "standards complaint" can be astronomical—and more than one institution has lost its NHSC accreditation or gone out of business because of giving too little attention to these standards. Your personal interest in and completion of this course will send an instructive message to everyone in your school: that you are personally committed to high standards of conduct for your institution.

Why Must We have Business Standards?

The very idea of published *NHSC Business Standards* evokes two contradictory reactions in most school executives:

1. Standards are the necessary rules of the game. If everyone agrees to the rules, then competition will be fair.

   or

2. Any group that sees fit to have a published "code of ethics" probably needs them.

Completion of this home study course is an excellent way to be sure you are personally expert in sound, ethical business practices. It is one task which ***cannot*** be delegated.

Both reactions are valid. Yet the first reaction—publishing the rules of the game—has made it possible for the home study field to "clean up its act," to identify the marginal, "fly-by-night" operators, and tell the entire world that NHSC schools live up to the highest possible code of conduct.

It is an understatement to say that the road to public acceptance for home study has been long and hard. For over 100 years, the American home study field has had to struggle to attain public recognition and acceptance.

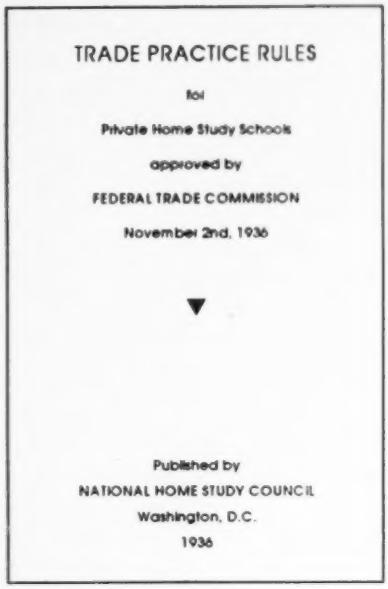
Only about 60 home study institutions can claim NHSC accreditation today, yet the home study field has achieved ***every*** source of national recognition available to it. Consumer confidence in the method of education has remained stable despite the well-publicized student loan default scandals in the 1980s, and despite the exodus of over two dozen institutions from the NHSC ranks in the early 1990s.

Frankly, the "wolf at home study's cabin door" for the balance of the 1990s will likely ***not*** be the Federal Trade Commission or the Department of Education, but individual states. Vigilance cannot be sacrificed; our practices must, if anything, become even more blameless and above reproach.

Since the Council's founding in 1926, one of its most notable achievements—and its primary reason for being—has been the adherence by

its member schools to high standards of ethical practice. Ever since the 1927 *Trade Practice Rules for Home Study Schools*—rules drawn up by the NHSC and subsequently approved by the Federal Trade Commission in 1936—the National Home Study Council has been a leader in consumer protection.

The *NHSC's Business Standards* have played an incredibly important role for seven decades in upgrading the image of home study schools. They have increased public acceptance of the method and are the cornerstone for state and federal recognition. The importance of the Business Standards was underscored during the Federal Trade Commission proceedings of the 1970s.


TRADE PRACTICE RULES

for

Private Home Study Schools

approved by

FEDERAL TRADE COMMISSION

November 2nd, 1936

Published by

NATIONAL HOME STUDY COUNCIL

Washington, D.C.

1936

The NHSC worked with the FTC for many years in developing ethical standards.

The Business Standards can play—and historically have played—a key role in these areas:

1. Heading off burdensome refund policies in state and federal laws;
2. Securing exemptions from, or special consideration under, numerous state and federal laws;
3. Earning the respect of agencies (The Council on Postsecondary Accreditation, U.S. Department of Education) which have given national recognition to the Accrediting Commission;
4. Serving as a "common sense" guide to good practice for schools;
5. Fostering a cooperative working relationship with consumer agencies;
6. Opening doors of acceptance by magazine editors, leading to positive articles on the method;
7. Creating national minimum standards for all schools to live up to; and
8. Assuring prospective students of the honesty and integrity of accredited schools.

It goes without saying that the collective reputation of the correspon-

dence school field can be done severe damage when just ***one school*** engages in unethical practice. Home study schools, perhaps more so than any other type of educational institution, are "tarred with the same brush." Deviations from the Business Standards are easy for self-anointed critics of home study to spot . . . and there are plenty of critics out there!

The Business Standards represent the distilled wisdom of dozens of knowledgeable, dedicated and sincere school executives who have, over the years, felt strongly enough about voluntary self-regulation that they developed the standards analyzed in this course. There are no panaceas for ethical conduct in any business or field, but these standards give the public, students, and regulators a good measure of confidence in NHSC accredited schools.

Home study schools need to be two or three steps ahead of the typical direct selling company.

In an era when the general public has become knowledgeable about the wiles of mail order sellers, when every adult has become accustom to the most glitzy direct mail sales offers, home study schools need to be two or three steps ahead of the typical direct selling company.

Finally, the Business Standards are simply good preventive medicine and plain common sense. They encompass the elements of fairness to consumers and embrace the concept of "total quality management" which tout the "customer as king." To ignore the standards is to invite peril to your business.

In the lessons and assignments which follow, you will want to compare your school's promotional practices with the examples and points in this course. Naturally, you will want to correct or revise any deviations as you may detect them in your own school.

Your first lesson assignment, analysis of a school magazine ad, follows. We look forward to receiving your assignment soon.

Good studying!

NHSC Business Standards Course

Lesson Assignment Sheet

Number One

"Magazine Ad"

Student Name: _____

School: _____

Address: _____

_____

City State ZIP Phone

Today's Date: _____

Mail to: Business Standards Course, NHSC, 1601 18th Street, N.W., Washington, D.C. 20009

Instructions

Pick up any magazine which carries school advertising and tear out a home study school space ad. It can be for any home study school, accredited or not. Paste or attach the ad to this sheet and comment on it. Your comments should be based on your understanding of the Business Standards. Mail this sheet to the NHSC.

Paste ad below (or attach to this sheet)

Does this ad measure up to NHSC Standards? Why or why not? Write your commentary here:

Mail to: Business Standards Course, National Home Study Council, 1601 18th Street, N.W., Washington, D.C. 20009

Lesson Two

Seven Decades of History

Let's begin our study of the NHSC's Business Standards with some reflection on the origins of the private home study movement. To paraphrase the philosopher George Santayana's words—those who fail to study the history of the field are condemned to repeat it. Why does the NHSC insist on Business Standards?

By the mid 1920s, as many as 10 million people had taken home study courses.

Throughout the first 30 years of home study in the United States (1890-1920), as many as 400 to 500 different schools were enrolling as much as 3% of the then U.S. population in correspondence courses.

It was an age of European immigration, a time when education beyond high school was elitist—when only a few thousand citizens were fortunate to study in a "college."

Vocational education, under the Smith-Hughes Act of 1917, was still in its infancy. The Chautauqua movement was just dying out, yet the thirst for knowledge by the swelling American adult population was met in a significant way by correspondence schools.

By the mid 1920s, as many as 10 million people had taken home study courses. The International Correspondence Schools alone had enrolled over 2.5 million students by 1923. National Radio Institute, Art Instruction Schools and the American School of Correspondence had been teaching by mail for many years.

As you can imagine, there were both good schools and bad. However, as history tells us, the bad schools apparently outnumbered the ethical ones. Just 16 institutions helped form the National Home Study Council in the fall of 1926, under the sponsorship of the National Better Business Bureau and the Carnegie Corporation. It was an age of self-fulfillment and progress.

According to scholar Dr. John S. Noffsinger, the first NHSC Executive Director, some private correspondence schools were engaging in scandalous practices.

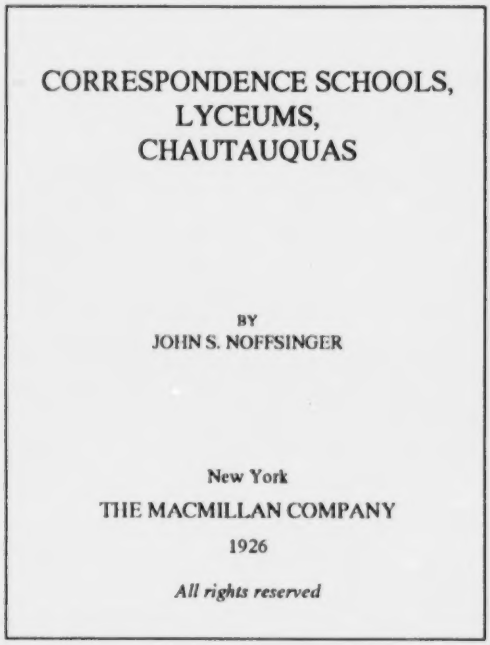
He culled from a single issue of a 1925 popular magazine the following home study ad headlines as examples of fraudulent claims:

- "$3,500 hotel jobs in twenty weeks"
- "$1,800 for a story"
- "Say good-bye to $23 a week—earn $4,500 a year."

Said Noffsinger of these mid-1920s schools: "They are frauds and the result is swindling; and the victims are numerous, appallingly numerous."

Dr. Noffsinger's book was the keystone document in launching the NHSC in 1926.

When the NHSC was formed, the very first task it had was to fashion a set of rules—they were called a "Code of Ethics"—at the first Annual Conference of the NHSC in April 1927, held in Pittsburgh, Pennsylvania. An excerpt of the original code of ethics is shown on page 11.


CORRESPONDENCE SCHOOLS,
LYCEUMS,
CHAUTAUQUAS

BY
JOHN S. NOFFSINGER

New York
THE MACMILLAN COMPANY
1926

All rights reserved

The 1927 "Code of Ethics" was the first edition of the Business Standards. The purpose of the Council from the beginning has been "to promote sound educational standards and ethical business practices in the home study field." The Council established qualitative standards for membership admission and had fewer than two dozen member schools in its formative years. While not at first referred to as "accreditation," specific qualitative standards were required during the first thirty years of the Council's operation. A standing Committee of the NHSC reviewed applicants for membership. The admission procedure had many of the characteristics of accreditation being used in sectors of education.

These "standards of conduct" were actually policed by a Council membership committee, which acted as a gatekeeper for admitting new member schools.

NHSC Code of Ethics (Excerpt)

CODE OF ETHICS adopted by fifty-five private correspondence schools of the United States at a conference held in Pittsburgh, Pennsylvania, April 30, 1927. This conference was held under the auspices of the Federal Trade Commission and was presided over by the Hon. J. F. Nugent, member of the Commission.

BE IT RESOLVED, that the following constitute unfair practices in the advertising, selling, etc., of home study courses:

1. Over-statements of misrepresentations relating to actual or probably earnings.

5. The making of an offer, limited as to time or otherwise, when in fact such a offer is not so limited.

10. The offering of any commodity or service as "free" when in fact such commodity or service is regularly included as part of a specific course or service.

17. The use of "Help Wanted" columns in newspapers or other publications for the purpose of getting in touch with prospective students.

18. The use of "blind" advertisements to attract prospects when the copy does not clearly set from that instructions are offered.

19. The use of superlatives in advertisements and selling, except when justified by facts.

21. The use of the word "guarantee" in the description of money back agreement between the institution and its students.

22. Money back agreements or contracts not clearly stating the conditions upon which money will be refunded or requiring other than the return of text books furnished.

Plagued by an image of "diploma mills" and "fly-by-night operators," the Council's founding fathers knew that only through a rigorous set of self-imposed ethical standards could the private home study field gain widespread public and academic acceptance.

The struggle for public acceptance, credibility, and respect from traditional academics which was initiated by the 16 charter members of the Council in 1926 was never easy. Plagued by an image of "diploma mills" and "fly-by-night operators," the Council's founding fathers knew that only through a rigorous set of self-imposed ethical standards could the private home study field gain widespread public and academic acceptance.

The Council members realized that home study schools are "tarred with the same brush." The flourishing of disreputable schools in the

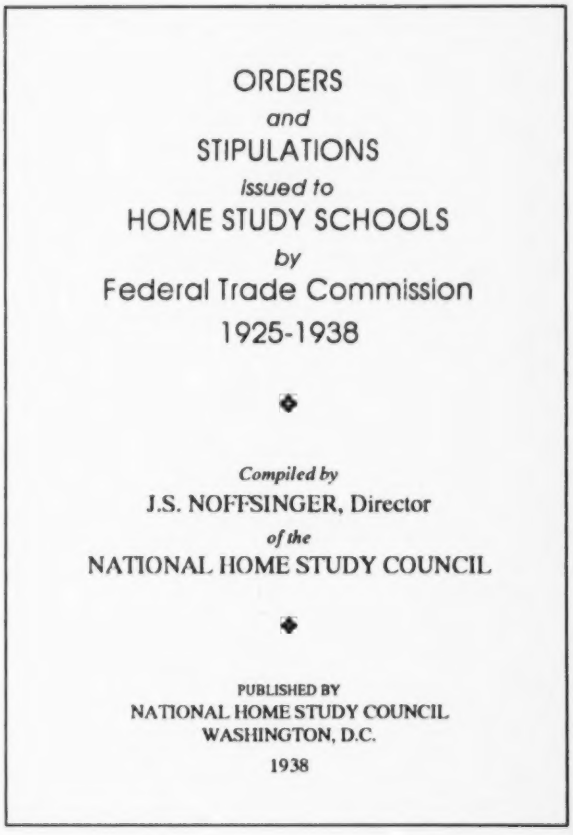
1920s made the NHSC members zealous in their desire to help clean up home study's image.

Through decisions of the U.S. Supreme Court and other federal and state courts, correspondence instruction had always been considered "interstate commerce." Home study schools were subject to the jurisdiction of the Federal Trade Commission, the Post Office Department, and other federal agencies, but little had been done to police the schools before 1926.

Within its first year of operation, the Council prevailed upon the Fair (later Federal) Trade Commission to develop the "Fair Trade Practice Rules for the Private Home Schools." With Council cooperation, the rules were first issued in 1927. They were revised in 1936 and were, for over 40 years, the primary enforcement code the federal government had to prosecute unethical home study school operators.

The flourishing of disreputable schools in the 1920s made the NHSC members zealous in their desire to help clean up home study's image.

In 1938, the NHSC published a fascinating book titled "Orders and Stipulations Issued to Home Study Schools by the Federal Trade Commission." It is a detailed diary of how the NHSC worked hand-in-hand with the FTC from 1927 to 1938. The book lists 56 cease and desist orders which had been issued to home study schools by the FTC. The schools, of course, were not NHSC members.


ORDERS
and
STIPULATIONS
Issued to
HOME STUDY SCHOOLS
by
Federal Trade Commission
1925-1938

Compiled by
J.S. NOFFSINGER, Director
of the
NATIONAL HOME STUDY COUNCIL

PUBLISHED BY
NATIONAL HOME STUDY COUNCIL
WASHINGTON, D.C.
1938

In his foreword to this classic, the NHSC Executive Director Noffsinger wrote: "Within the brief span of little more than one decade, the home study field, through the purging process of the enforcement of its Trade Practice Rules, has made for itself a place in the council of the recognized accrediting agencies."

Glancing through this 172-page book is not merely nostalgic, but also

highly instructive. Recorded for posterity are the documented misdeeds of over a decades' worth of home study operators who failed in their obligations to the public and their own students.

Consider just three examples which resulted in Federal Trade Commission cease and desist orders in the 1920s:

1. "Cease and desist from representing that no talent is necessary and that any pupil can learn to play any musical instrument."

2. "Cease and desist from representing that any price quoted is for immediate acceptance, unless a definite time limit is set after which acceptance of the offer is refused."

3. "Cease and desist from overstating the probable earnings of its graduates."

In the years since its founding, and particularly during its first 30 years, the NHSC had always maintained a strong policy of cooperating with state and federal regulatory agencies and private organizations concerned with the maintenance of high ethical and educational standards in the home study field. On numerous occasions the Council brought violations of law to the attention of the Post Office Department, the FBI, the Federal Trade Commission and other policing agencies. The Council was instrumental in forcing the closing of a number of unethical schools and in obtaining penitentiary sentences for several unethical school managers and agents.

The NHSC had always maintained a strong policy of cooperating with state and federal regulatory agencies and private organizations concerned with the maintenance of high ethical and educational standards in the home study field.

Since its 1926 inception, the Council has repeatedly raised its standards. It admitted to membership only those schools which met the required standards of educational merit and ethical practice.

Mr. Ralph E. Weeks, President of ICS and the first President of NHSC, wrote in 1930: "Many, if not most of the serious obstacles that lie in the pathway of privately owned home study schools are those which the schools themselves have created." These words have held true for over 60 years.

A reading of the proceedings of the early conferences of the Council shows a near-obsession with the issues of integrity, quality and reputation. Admissions standards, refund policies, control of salesmen, and honest advertising were the recurrent topics of Council meetings throughout the 1920s and 1930s.

The genesis and seventy year evolution of the NHSC's "code of conduct," then, was the conviction of a small cadre of dedicated home study school educators—leaders such as J. E. Smith, Ralph E. Weeks and William Bethke, plus many others—who were totally

convinced that peer group, self-regulation was the surest way to eventual and lasting public acceptance.

The 1940s to 1960s

Relatively little change took place during the war years (1942-1945). Just after the war, however, the G.I. Bill spawned a generation of schools that can best be characterized as being of "questionable ethical conduct." It was an era of easy money and little accountability. Again, the voluntary standards of conduct that the NHSC members imposed on themselves is eloquent testimony to their sense of concern for their students—and their own future.

Again, the voluntary standards of conduct that the NHSC members imposed on themselves is eloquent testimony to their sense of concern for their students—and their own future.

The Korean-era G.I. Bill contained a unique and far-reaching passage that required the U.S. Commissioner of Education to publish a list of "reputable" accrediting bodies. This passage became the genesis for eventual federal recognition of private schools accrediting bodies, including the Accrediting Commission of the National Home Study Council.

In the 1950s, two other milestone events took place which were to change the home study field.

The first, of course, was the establishment of a nine member, independent Accrediting Commission of the NHSC in 1955. It was modeled after the collegiate, regional accrediting bodies. It incorporated into its standards rules of business practice governing advertising and promotion, financial conduct, and other standards foreign to accreditors in other sectors of education. The NHSC membership was given five years to obtain "accreditation" from the new Commission.

Certain types of schools, such as "civil service" and "nursing" schools, were dropped from the membership list during this five year period. Some NHSC members chose not to subject themselves to the vigorous policies and standards of the new Accrediting Commission.

The next milestone was the recognition of the Commission—and, incidentally, its Business Standards—by the U.S. Commissioner of Education, Lawrence G. Derthick, Sr. If there was ever a single event in the NHSC's history that can be called "The Big Event," this was surely it! For the federal government to extend formal recognition to correspondence schools was, in the 1950s, almost unthinkable.

The 1960s

The 1960s witnessed the following events:

- Large public corporations acquired home study schools;

- The number of field sales representatives increased to as many as 10,000 by the late 1960s;
- National magazine ads such as those in *Reader's Digest, TV Guide, Saturday Evening Post* and others made home study a household word; and
- The 1965 Higher Education Act provided federal financial aid to students. Home study students were made eligible in 1969.

Within the NHSC Board of Trustees, a deep concern arose over the potential for problems if schools were allowed to enroll students using federal aid. Their early concern proved in subsequent years to be well founded. They sensed that when a school gets 100% of the tuition in advance, the potential for trouble would be high. The Board developed a set of special standards for schools participating in federal programs (see the excerpt below).

These standards do not appiy today.

1972 NHSC Standards for Correspondence Schools with Students Enrolled Under the Guaranteed Student Loan Program

Schools accredited by the Accrediting Commission of the National Home Study Council may participate under the Guaranteed Student Loan Program:

4. A Guaranteed Student Loan applicant, upon notification of the disapproval of his application for such a loan, shall receive an automatic cancellation of his contract from the school with no financial obligation on the part of the applicant and an immediate refund of any monies paid to the school under his enrollment contracts.

8. The school must require that the applicant, at the time of application, acknowledge to the school in writing that he understands he has applied for a Guaranteed Student Loan and, if the loan is made, he is obligated to repay the loan.

12. No claim shall be made to the Federal Government under the guarantee provision for an amount of unpaid principal balance that exceeds the amount of the loan as this amount is finally determined under the terms of the school's Cancellation and Settlement Policy, less that school's established percentage of uncollectable value for non-loan student contracts.

The National Home Study Council developed and monitored federal aid standards ***long before*** government regulations were written.

The National Home Study Council developed and monitored federal aid standards ***long before*** government regulations were written.

The special standards were based on two key tenets:

1. The independent nature of the home study method of education must be preserved. Students should not be forced to study (or pay their tuition) in way dictated by outside agencies.

2. Schools should not realize more tuition income simply because of federal aid programs than they historically have realized. Any money collected in excess of the school's historic tuition collection rate should be refunded (when students cancel) to lenders.

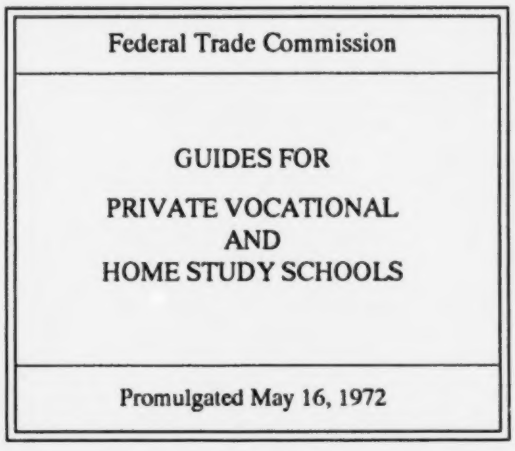
These concepts were implemented in the special standards above. Both concepts reflected the voluntary, self-imposed restraint that typified the home study field's approach to doing business: "study and pay as you go."

The 1960s were also significant in that several major corporations entered the scene and schools fielded national sales forces with agents numbering in the thousands. Home study was discovered by corporate America.

Home study had acquired a national profile. And, of course, with this new profile came national media—and regulatory—attention.

The 1970s

The FTC, working closely with the NHSC, issued some "Guides for Home Study Schools" in 1972. But the FTC never enforced the Guides, and in 1973 a new breed of FTC staff person launched what was to become a six year, multi-million dollar trade rule proceeding that still lingers in many home study executives' memories as a bad dream.



Along the way, however, a singular event occurred. In the very face of what can honestly be termed missionary zeal to curtail severely the home study field by well-intentioned rule makers, the NHSC members voluntarily amended their refund policy, changing it from a time based policy (no

refunds after 180 days of enrollment) to a lesson or performance-based policy. This happened in 1972, and knowledgeable people vow that this change was home study's salvation in the bitter FTC "battle" which followed in the balance of the 1970s.

The 1980s

The 1980s witnessed the rise of newly-founded federal aid dependent schools, most of which taught truck driver training using a time-tested method of a combination home study-resident approach. In a period of just five years (1984-1989), a mere dozen NHSC members, fueled by student aid dollars from a federal treasury which was not being very well guarded by federal bureaucrats, attained unwanted attention for the field. But there was of course a piper to pay: student loan default rates in these schools soared to an average 50 percent or more (the average for the nation's colleges was under 10%).

The NHSC Accrediting Commission moved swiftly to clean up the field—***without*** the support of the federal government.

The NHSC Accrediting Commission moved swiftly to clean up the field—***without*** the support of the federal government. From a membership of 72 institutions in 1990, the membership stood at 57 institutions in 1992. The Accrediting Commission withdrew accreditation from 17 institutions and it underwent a series of legal challenges, all of which were negated.

Congress reacted to the scandal by enacting, in 1992, a new law which made correspondence schools ineligible for Title IV student aid. The NHSC can look back on the 1980s with a mixture of relief and regret.

And so we come to the present, and it is no time to let down our guard. As the president of one of the largest NHSC schools said recently: "Consumer confidence in the home study method is at an all time high. We survived the student aid scandals of the 1980s. We have come a long way, and let's hope that everybody carries their share of responsibility for our collective reputation."

Headlines from the 1980s

Trucker school driving up loan defaults, officials say

❀

Bad Marks Woes Compound for Trade School Firm

▼

Panel urges trade school crackdown

❖

Trade Schools are Expected to Profit from Welfare Changes

◆

Schools, not students, called liable in cases of fraud on federal loans

Lesson Three

Advertising Practices

In the last lesson we reviewed the history of the NHSC's development of ethical standards.

We examined briefly the milestone events in the development of the Business Standards, and looked at the reasons behind some of the thinking that went into standards developed.

In this lesson, let's look at the advertising and promotion language (Section I) of the Business Standards. It is here in Lesson Three that we shall begin to examine the meaning of the standards.

Let's start by looking at the Business Standards brochure supplied with this text.

Read carefully all of Section I A and I B in the brochure first. Then come back to this page to continue this lesson.

✦✦✦✦✦✦✦

As you can see, the language of the standards involves a fundamental, common sense approach to consumer protection. They direct, prescriptively, accredited schools to be honest and straightforward in their promotional activities.

The language in these standards was developed over the years as a result of what—by consensus—ethical school officials felt were at one time or another common consumer abuses by schools.

If the language of Section I of the standards strikes you as rather archaic, remember that the reader of this document is often a state regulator, a consumer protection agency director, a newspaper reporter, a federal auditor or even a student.

To this external public, then, the standards offer assurance of the integrity of accredited schools.

The language in these standards was developed over the years as a result of what—by consensus—ethical school officials felt were at one time or another common consumer abuses by schools.

New Problems, Same Standards

Over the years, some paragraphs in Section I A have engendered novel interpretations. Let's look at three of these as examples.

In I A 3 ("school addresses") there has been some specific guidance given by the Accrediting Commission concerning what, as a minimum, combination home study-resident schools must disclose in an ad.

I A 3 has been interpreted to mean the following:

> "A school must give the full name and location of the school. This means each ad must state the city and state where the school headquarters is located. It does not require schools to disclose where training site locations are located. It does not require that a full street address of school headquarters be disclosed."

In I A 4 ("P.O. Box addresses"), a school may use a P.O. Box address in an ad, but it must include a full street address on its contracts, catalogs and other printed promotional literature.

What about a school using a match book ad? I A 4 would require, as a minimum, the full name of the school and its city and state location. The P.O. Box of the match book "fulfillment house" may be used so that inquiries can be sent there.

So, if the Smith School is located in Erie, Pennsylvania, and the Flame Match company processes leads in Warren, Ohio, the match book copy must read:

> Smith School of Erie, Pennsylvania
> c/o P.O. Box 203
> Warren, Ohio 00000

And consider the interpretations of I A G ("help wanted ads"). The Accrediting Commission has ruled that:

> *The conduct of any face-to-face solicitation or promotional activities—including the in person dissemination of literature or the providing of oral information—on the part of persons directly or indirectly affiliated with an accredited school at or in proximity to an employment or unemployment office or area or a welfare agency will be considered a violation of Accrediting Standards VIII 1 and of NHSC Business Standards Section I A 2, 6 and 7.*

In taking this position, the Commission did not intend to proscribe the placement of school promotional literature (e.g., poster or "take

one" cards) in such offices, but only to prohibit face-to-face contacts with the clients of these offices.

The interpretations of Standard I A 6 can become even more complex. Look at these three examples of "artful" interpretations by some schools which, in the Commission's view, are *not* considered in compliance with the spirit of I A 6 or I A 7:

Example One: Advertising with a bold headline that reads "Unemployed?" or "Need a Job?"

Example Two: Advertising in a newspaper column captioned "Career and Employment Preparation" or "Career Mart," or "Business Opportunities."

Example Three: Advertising with a bold headline "National Job Placement Assistance" and omitting mention of home study training.

From the above you can see that the standards contain classic language which is subject to ever-changing interpretations. But school executives of honest intent will always be able to interpret the spirit of any of the standards correctly.

In the next section of this lesson, the Workshop, try your hand at applying the standards to some realistic situations. The Workshops in these lessons are intended to give you an opportunity to study and identify the many shades of interpretation of each of the standards.

Workshop for Lesson Three

Look at the eight advertisements below. Identify (and explain why) which of these ads ***do not*** meet the letter and spirit of the Business Standards in Section I A. (Hint: all but one fails to meet the standards).

Sample Ad | **Your Analysis**

A. LEARN FLIGHT NAVIGATION
Write to: Princeton Aviators
Box 100
Princeton, New Jersey 20190

B. LEARN TO SPEAK FRENCH
Call 555-1974

C. Learn to Drive A Truck for only $1,500 plus free experience behind the wheel. Write: Box 462, Los Angeles, CA 96556

D. Ace Bartending
- Short program prepares you to work in all the finest bars.
- A staff of 50 professionals train you personally.
- Free, fully equipped bar kit.
- Earn big $$$ immediately.
- America's Number One Course

Write to: Ace Bartending
100 5th Avenue
New York, NY 10022
or call (800) 916-8295

E. HELP WANTED
Mature men & women to train for exciting jobs in the travel industry. Contact Jill McDonald at Pitt Travel, 1958 Allen Road, Pittsburgh, PA 19478

F. Venus Beauty School
Teaches thousands of men and women to become successful beauticians.
You too can learn:
- hairstyling
- cosmetology
- fashion theory
- manicure/pedicure

For more information write: Venus Beauty School, 877 Main Street, Atlanta, Georgia 43483.
WE GUARANTEE PLACEMENT

Sample Ad	Your Analysis
G. Become a Paralegal in just 8 weeks. Write: Wellesely Institute, 1701 Chestnut Street, Boston, MA 06168	
H. "Chicago High helped me pass my High School Equivalency (GED) Exam." Prepare for the High School Equivalency Diploma. Home Study Training. Write now to: Chicago High School 3345 Water Street Chicago, IL 60606 or call 312-888-7382	

Workshop Discussion

Only one ad above conforms to all of the standards. Did you pick it out? It was ad H, Chicago High School. Let's examine these ads, one by one, to see why A through G *do not* measure up to the standards.

Exaggerations and False Promises

Each advertisement or piece of promotional literature written or used by a school must be completely truthful and must *not* give any false, misleading, or exaggerated impression of:

- the school
- its personnel
- its courses and services
- the occupational opportunities for graduates.

As it stands, the Ace Bartending ad (D) may be guilty of exaggeration.

It also fails to mention home study training, as do all of the other ads (except H).

Ace Bartending

- Short program prepares you to work in all the finest bars.
- A staff of 50 professionals train you personally.
- Free, fully equipped bar kit.
- Earn big $$$ immediately.
- America's Number One Course

Write to Ace Bartending
100 5th Avenue
New York, NY 10022
or call (800) 916-8295

Although the student may learn the necessary skills in a short course, he or she will probably not be prepared to work "in the finest bars" until after extended professional experience. Also, chances are that not all 50 "professionals" will be training any student "personally." The bar kit isn't free.

Ace Bartending's ad would also be misleading if:

- Students take 9 or 10 months to complete—what is a short program?
- There are only 39 instructors—how can they all give personal attention?
- The "complete training bar" has only one or two types of "liquor."
- Starting salaries of graduates are not substantial. Big $$$ is questionable. So are vague, puffed up phrases like "unlimited income" and "number one" course.

These errors, be they simple exaggerations or deliberate deceptions, can be equally misleading to the public. In advertising, if something has the potential to mislead, it no doubt *will.*

Potent Words

Under NHSC Standards two specific words have been determined to have the potency to usually mislead:

- The word "free" cannot be used for any item regularly included as a part of the school's course or services. Tuition pays for all regular services. Therefore, "free" bar kit is a violation.

Did you spot another advertisement which breaks this rule. It is example C, the truck driving course. Free "experience behind the wheel" must be a regular part of any truck driving course. It is not free to the student.

- "Guarantee" is the other word prohibited in advertisements. Guarantees in education are simply impossible to make. The Venus Beauty School ad (F), violates this guideline with the statement, "We guarantee placement."

Training Identification

All advertising and promotional literature used by a school must clearly indicate that home study training or education is being offered. Princeton Aviators ad (A) does not follow this rule.

> Learn Flight Navigation
> Write to: Princeton Aviators
> Box 100
> Princeton, NJ 20190

Did you spot other ads which make this mistake? Ads B, C, D, F, and G also violate this standard. The public has the right to know that ***home study*** is being offered.

Misleading Phrases and Page Placement

Phrasing and page placement of a home study ad must always indicate whether home study training or education is offered. Advertisements to enroll students must ***not*** use words which imply that employ-

ment is being offered. Neither may they appear in newspaper columns under the headlines:

"Help Wanted"
"Business Opportunities"
"Men and Women wanted to train for . . ."
"Career and Employment Preparation"
"Career Marketplace"

The Pitt Travel ad makes just this mistake; and, it does not indicate home study training:

HELP WANTED
Mature men and women
to train for exciting jobs in the
Travel Industry
Contact Jill McDonald at
Pitt Travel
1958 Allen Road
Pittsburgh, PA 19478

Help is not wanted—students are!

Ads in the classified section of a newspaper or other periodicals must appear under the headings of "education," "instruction," or "schools." The help wanted section is a misleading place to put an ad for a school. It has been a misleading practice for 100 years. Be sure your local newspaper sales department appreciates the reasons for this standard.

Identification and Location

Advertising and promotional material, as well as catalogs, enrollment agreements, and NHSC listings, must include the school's full name and city and state location. A newspaper ad may use a P.O. Box address, but this ad must also include the school's headquarters location, e.g., Chicago, Illinois, P.O. Box 5. However, contracts, catalogs and directory listings must include the school's full street address (not P.O. Box). The local address of a sales representative may be used in an ad, but it does not replace the city and state location of the school, which also must be shown. These ads have incomplete identification:

No address, no name of school:

LEARN TO SPEAK FRENCH
Call 555-1774

No name of school, no home office city:
(Assuming a school headquarters in New York)

LEARN TO DRIVE A TRUCK
for only $1,500, plus free experience behind the wheel.
Write: Box 462,
Los Angeles, CA 96556

The ads above also fail to mention home study training.

Endorsements

The Chicago High School ad: "Chicago High School helped me pass my High School Equivalency (GED) exam." Prepare for the High School Equivalency Diploma. Home Study Training. Write now to: Chicago High School, 3345 Water Street Chicago, IL 60606 or call 312-888-7382.

This ad meets the standards. Using a blind testimonial, a recommendation or commendation is acceptable if:

- It portrays currently correct conditions or facts;
- The writer's prior consent is obtained, and kept on file and available for inspection; and
- No remuneration is made for either consent or use of the endorsement.

We can't be positive that these three conditions exist. But on the surface, this advertisement is the only one that meets all the standards.

School and Course Recognition

Accreditation by the Accrediting Commission of the NHSC is a strong selling point which can influence many students to select a course of instruction. Research over the years has shown that consumers place a high value on the word "accreditation."

Test Yourself

In this section, try your hand at interpreting Section I B of the standards.

In what ways can a school publicize its accreditation? Does it matter, for example, whether a school states that it is an "Accredited Member of NHSC," or "Accredited by COPA," or "Recognized by the U.S. Department of Education?" If you answered "yes," you were right. The NHSC has very specific guidelines as to what can and cannot be said about a school's accreditation. See if you can answer the following questions about the acceptable language.

1. Can the official accredited school seal be used in a school's advertising, promotional literature, or letterheads? (Check one)

   ☐ Yes
   ☐ No

2. Which of the following is a permissible statement concerning a school's NHSC accreditation? (Check all that apply)

   ☐ A. Fully Accredited
   ☐ B. Accredited Member National Home Study Council
   ☐ C. Recognized by the Accreditation Council
   ☐ D. Accredited Member NHSC
   ☐ E. Accredited by the Accrediting Commission of the National Home Study Council

3. Which of the following statements may appear in a school's catalog? (Check one)

   ☐ A. The National Home Study Council is nationally accredited by the Council on Post-secondary Accreditation as a national accrediting agency.

   ☐ B. The Accrediting Commission of the National Home Study Council is a recognized member of the Council on Postsecondary Accreditation.

   ☐ C. The National Home Study Council is licensed by the Council on Postsecondary Accreditation.

Answers

1. Yes. The official Accredited School Seal may be used, but it must appear in this form:

2. Neither A nor C correctly identify the organization which does the accrediting. Only B, D and E may be used.

3. COPA recognition can only be stated as in choice B.

   When a school uses the name of another organization as an endorser, it becomes even more important to avoid errors. Precise wording prevents misinformation. By demanding the use of specific words, the NHSC ensures that its member schools do not misrepresent themselves, the Accrediting Commission, the U.S. Department of Education, or COPA.

Checklist for Ads

How did you score? Did you identify all of the problems in the Workshop? Here are ten questions to help you review your own ads and promotional material for compliance with the Business Standards.

Yes	No	
☐	☐	1. Does the ad clearly state home study instruction is being offered? (It should).
☐	☐	2. Does it mislead or exaggerate in any way? (It should not).
☐	☐	3. Does the word "guarantee" appear? (It should not).
☐	☐	4. Is the ad under a column entitled "help wanted," "business opportunities," or any similar implications of employment? (It should not be).
☐	☐	5. Is any part of the school name missing? (It should not be).
☐	☐	6. Is the address complete? Is the school's home office city indicated? A Post Office Box is acceptable only if it is listed with the home office (city and state) location.

Yes No

7. Are testimonials or endorsements:

Yes	No	
❒	❒	Up to date?
❒	❒	Used with the writer's consent?
❒	❒	Given in return for no payment?
❒	❒	Used with a letter of consent on file?

(There must be each of these.)

❒ ❒ 8. For combination courses, is the school's headquarter's location listed (city and state)? (It should be).

❒ ❒ 9. For combination courses, does the ad clearly indicate that both home study and resident training are provided? (It should).

❒ ❒ 10. Finally, is the overall impression that the ad gives—its content, word choice, design, and tone—one that is completely truthful? (It should be.)

Summary

"Honesty is the best policy" is as true for home study advertising as it is for anything else. Today's potential student is sophisticated, intelligent, and alert to hyperbole or puffery. Adults appreciate the truth, respond better to facts than to unimaginable, grandiose promises, and make for better students. In the 1990s, overstatement in advertising is neither necessary nor acceptable as a business practice.

The common sense nature of the Business Standards is captured in the prescriptions we've examined above.

On the following pages you will find your second assignment for submission to the Course Instructor.

NHSC Business Standards Course

Lesson Assignment Sheet
Number Two
"Newspaper Ad"

Student Name: _____

School: _____

Address: _____

_____
City State ZIP Phone

Today's Date: _____

Instructions

Here is the second of four assignments you must submit for evaluation.

Prepare one newspaper advertisement which meets all the NHSC Business Standards. Attach additional paper as necessary.

Select one of the two situations below and write an ad. Your ad should be succinct, not more than 100 words. You may assume any facts you feel plausible to create an effective home study ad.

Your ad will be evaluated for compliance with the Business Standards and will be returned to you with comments.

Select One Below

Alternative One

Assume that your institution is the Fireside School. You offer a single home study course in Bookkeeping. The course is 50 lessons long. The tuition is $995. Your school does not use salesmen.

The address of your school is 5900 Willow Street, Midvale, Illinois 99999. You also use a P.O. Box 83 from time to time. Your toll free telephone number is 800-555-1212. Assume other facts as necessary. Your school is an NHSC member institution.

Mail to: Business Standards Course, NHSC, 1601 18th Street, N.W., Washington, D.C. 20009

Alternative Two

Assume your institution is the Premier Travel School, with a home office at 63 Harrow Lane, East Pittsburgh, Texas 77222, telephone 800-555-6000. Home study lessons are graded here.

You have a resident training site in Denver, Colorado as well as Houston, Texas. Your sales office in Colorado is P.O. Box 16, Denver, Colorado 99999. The street address of the Denver training site is 310 Commerce City Drive, Denver, Colorado 99111.

You offer a combination 40 lesson home study, 4 week resident training course in travel training. Prepare an ad for the *Denver Bugle* newspaper.

Use this sheet and additional paper to submit your work to the Instructor.

Check:

- ❒ Alternative One (Fireside)
- ❒ Alternative Two (Premier)

Mail to: Business Standards Course, National Home Study Council, 1601 18th Street, N.W., Washington, D.C. 20009

Lesson Four

Student Enrollment

The "Contract"

Enrollment agreements, also known as contracts, applications and by other titles, serve as both legal documents and marketing tools.

Enrollment agreements serve as both legal documents and marketing tools.

The Business Standards, Section II A, require the use of a formal, written enrollment form for the protection of both school and student. It's simply common sense, and more often than not, it is the ultimate "dispute resolver."

From the list of suggested items in the checklist which follows, it is easy to see how complex the enrollment agreement has become. The ideal enrollment form should take only a few moments to read and comprehend, should be brief, attractive and should create a positive emotional reaction in the mind of the prospective student. It should be inviting and list the obligations, rights and responsibilities of the school and the student. It should use simple and understandable language and avoid (wherever possible) legal mumbo-jumbo.

In preparing the enrollment form, remember that the federal government and individual states frequently prescribe such special requirements as type size, addresses of agencies, specific refund policy provisions, cancellation notices, and even the title for the form. Depending on the requirements of its own state, the method used to enroll students and the location of its students, a school may have to have more than one enrollment form.

Generally, a school that enrolls students only by mail should have an enrollment agreement that is in compliance with the laws and regulations of the state where the school is domiciled. In some cases, however, that state may have provisions that apply only to students enrolled in that state which would not apply to the school's students who live in other states. Recent court decisions would also tend to indicate that certain consumer law contract provisions might apply to agreements with students enrolled by mail in certain other states

even though the provisions of education laws and regulations of those same states would *not* apply.

Also, as a general rule, if a school uses sales agents to enroll students (even though the final acceptance of the student's enrollment application takes place at the school's main office), the laws and regulations of the state where the student is enrolled may apply. This often requires that the school use an enrollment agreement that is in compliance with (and possibly approved by) the state where the student is enrolled. Conceivably, a school with agents in 50 states and the District of Columbia could have as many as 51 different enrollment agreements!

NHSC has published *Occasional Paper No. 6, Enrollment Contracts for Home Study Schools*, which is available by calling 202-234-5100.

As enrollment agreements are prepared, it is not just the laws and regulations administered by the state department of education that must be taken into account. Within one state, for example, there may also be provisions in consumer protection legislation, laws of contract, laws regulating banking and finance, and laws on taxation—each administered by a different state agency—that must be considered. At the federal level there are VA regulations, FTC rules and many other—possibly obscure—requirements that should be taken into account. Even the NHSC's Business Standards call for the inclusion of specific provisions, particularly in the area of cancellation and refund.

But, in spite of all this, creatively written and designed enrollment forms can be developed which can satisfy your legal counselor, the marketing manager and the prospective student.

The following checklist is a general guide to essential elements to be included in or with home study enrollment agreements:

Contract Checklist

Here is a handy checklist for evaluating a contract. Use this checklist to evaluate your school's contracts. A good document should include these elements:

General:

- ❒ 1. A heading indicating that the document is or becomes a contract or enrollment agreement.
- ❒ 2. School name.
- ❒ 3. School address.
- ❒ 4. Date enrollment is signed by student.

- ☐ 5. Student's name.
- ☐ 6. Student's address.
- ☐ 7. Name of course.
- ☐ 8. Enrollment prerequisites.
- ☐ 9. Necessary information about the student's educational and experiential background for the school's home office to determine whether a student is "qualified" to enroll in the course.
- ☐ 10. Statement of school's obligations (including, briefly, course objectives, course contents, postage obligations, etc.).
- ☐ 11. Statement of student's obligations.
- ☐ 12. Terminal date of agreement and conditions for extending or reinstating.
- ☐ 13. Student's signature.
- ☐ 14. If Guarantor is required, Guarantor's signature and statement of Guarantor's obligations.
- ☐ 15. Indication of school's acceptance of the agreement (may be a signature and a date block on the form, or form may be stamped by home office).
- ☐ 16. "Accredited School" seal.
- ☐ 17. A form number or date to identify the particular edition of the contract, e.g., 1/92/PA.
- ☐ 18. School's cancellation and settlement policy, and how students may cancel.
- ☐ 19. Applicable cooling off notice; varies from state to state.

G.I. Bill

- ☐ 20. Block to be checked if student wants to enroll under the G.I. Bill.
- ☐ 21. Re-affirmation notice form for G.I. Bill enrollees.

FTC Regulations

- ❒ 22. Holder in Due Course Notice (also know as Preservation of Consumer's Claims and Defenses. See below).
- ❒ 23. FTC cooling off period for door-to-door sales. (Does not apply to mail or telephone sales. See below).
- ❒ 24. Compliance with Regulation B, Equal Credit Opportunity Act. (See below).
- ❒ 25. Compliance with Regulation Z, Truth in Lending. (Applies to courses which permit students to pay tuition in more than four installments, excluding the down payment. See below).

There may be individual state laws and regulations which regulate the contents of an enrollment contract.

Financial Information

- ❒ 26. Total price of course.
- ❒ 27. Amount of down payment.
- ❒ 28. Payment terms.
- ❒ 29. Financial disclosures (see 25 above).
- ❒ 30. Amount of other charges (sales tax, insurance fees, room and board, extension fees, etc.).
- ❒ 31. Separately stated prices and cancellation policies for home study and required resident training courses.

Information on Federal Regulations

The FTC brochures are "required reading" for every marketing executive and legal counselor.

For a copy of Regulations Z and B, contact your local branch of the Federal Reserve Bank and request the government's free pamphlets. For FTC "Cooling Off" and "Holder in Due Course" language or Regulations Z and B, call the FTC at 202-326-2222.

Other Requirements

There may be individual state laws and regulations which regulate the contents of an enrollment contract. The state in which a school enrolls students may have requirements about type size, refund policies, addresses of agencies, cancellation notices, and even the title for the enrollment form or contract. Know the local and federal laws and regulations which apply.

Common sense would suggest that an enrollment agreement should be easy for the prospective student to read and understand. It should also be brief and attractive. Like an advertisement, it should reinforce the student's interest in the school and the course while also clearly stating the obligations of all parties. And keep in mind that when state regulations conflict with NHSC's Business Standards—even in refund formulas—the school must comply with the most stringent (to the school) of each policy.

Admissions Policies

The watchwords on home study school admissions policies are "fairness" and "consistency."

Most enrollees are adults who know exactly what they want from a course.

Most students—traditionally—have paid their own tuition from their own resources. And, historically, most home study courses have been non-degree, vocational courses which aim to teach practical skills to eager, mature learners.

For these reasons, the Business Standards have emphasized that even though "open admissions" policies may be the norm, a school must exercise care in enrolling students.

Are students enrolled who have the proper qualifications? Does the student have a handicap which precludes subsequent career success? Are course prerequisites clearly stated? Are exceptions to school policy documented?

These areas, once again, are simply common sense. A reputable school should have no reason to enroll the unqualified student. These students are expensive to service, difficult to dis-enroll and in general a challenge to handle. No one benefits. The expense to the school can be considerable when it enrolls an unqualified student.

If a school admits a person not meeting the established qualifications for enrollment, a record must be made showing the reasons for accepting that student.

New enrollments are the life blood of any school. They reflect not only the financial well-being of the school, but the educational goals of its students. NHSC's Business Standards help to guard both aspects of the admissions process.

Today, home study schools use a variety of techniques to monitor their enrollment process:

- Telephone verification from school headquarters

- Mail surveys from school headquarters
- Extended cooling off periods (from 5 to 21 days)
- Initial orientation home study lessons
- Aptitude tests
- In-office sales interviews
- Trial enrollment periods
- Graduate surveys
- Audio and video taped orientations to the school

The important points here are that admissions and enrollment practices should be fair, consistently applied and constantly monitored.

Representatives have been in the private home study field for over nine decades. Their record of achievement is an honorable one, and they have contributed immeasurably to the growth and success of the correspondence education movement.

Sales Representatives

(Note: If your institution does not use sales representatives, you may skip this section of Lesson 4).

An entire home study course could quite easily be written on the recruiting, training and control of sales representatives.

The adage that if a sales person is adequately compensated for his or her work they will live up to high expectations holds true for home study representatives.

Representatives have been in the private home study field for over nine decades. Their record of achievement is an honorable one, and they have contributed immeasurably to the growth and success of the correspondence education movement.

In Section II C of the standards, which cover the use of sales persons, two fundamental, underlying concepts emerge:

1. The school is responsible for the conduct of its representatives; and

2. The school must provide for training which assures honest recruitment and conduct which will reflect well on the field.

Responsibility for Actions

The NHSC member school—namely, the top school official—has full accountability for all the actions, statements, and conduct of every sales representative.

The idea of top school officials being responsible is by no means novel: common law speaks of the legal obligations of the principal for

his agent. The National Home Study Council's 1947 edition of its "Manual of Standards" speaks pointedly of the school's obligations in this area:

> *The responsibility of the school in these matters is heavy. It is true that first-rate representatives are hard to find; so are good teachers. But at least no school is under the necessity of employing as its trusted representative a man who is insincere, dishonest or ignorant.*
>
> *Ordinary prudence, however, suggests some recommendations to member and non-member schools.*
>
> 1. *The references of a prospective representative should be thoroughly investigated.*
> 2. *His work history should be closely explored.*
> 3. *His education must be adequate.*
> 4. *He must show an intelligent grasp of the policy of the school.*
> 5. *If employed, he should operate under a substantial bond.*
> 6. *He should be carefully trained in the work he is expected to do and this work should be closely supervised during a probationary period.*

The concept of an "independent contractor" does not exonerate a school from ultimate responsibility for the words and deeds of anyone acting in the school's behalf.

This language is another example of the Council's long record of concern for integrity of the institutions. Today's Business Standards are by no means latter day consumerism.

The concept of an "independent contractor" does not exonerate a school from ultimate responsibility for the words and deeds of anyone acting in the school's behalf.

For a violation by a sales representative, for example, the new salesperson's solicitation in an unemployment line, the school president is considered to be the responsible party.

Recruiting Sales Representatives

In recruiting sales representatives the school must give factual and accurate information about the nature of the job, the manner and method of remuneration, termination, and any other relevant facts.

Let's say one of your recruiting ads is misleading. Even if the errors are corrected during the job interview, the applicant may complain about "bait and switch" advertising. Or once hired, the person may later discover that the job is not what was promised and will quit, wasting costly training, and/or filing a complaint about your school's misleading recruitment.

Of course, the newspaper recruiting ad cannot be erased from every paper printed, but the person responsible should be informed of his or her mistake so the problem will not occur again.

Contracts with Representatives

Each sales representative must sign a written agreement at the time of engagement. The agreement must include the following:

1. The relationship and obligations between the representative and the school.

2. The requirement that the representative comply with:

   - All applicable local, state, and federal laws;
   - Accrediting Commission and NHSC standards and requirements; and
   - A pledge of adherence to the NHSC Code of Ethics for sales representatives.

3. Terms of exclusivity of engagement. It is important to note: this means that sales "brokers," franchisees or distributors cannot be employed.

4. The manner of remuneration.

5. Termination rights, obligations, procedures.

Contracts with salespersons are formal agreements. They are concrete statements of the representatives' responsibilities—the school's way of guaranteeing that each salesperson is aware of his or her rights and obligations to the school.

Contracts with salespersons are formal agreements. They are concrete statements of the representatives' responsibilities—the school's way of guaranteeing that each salesperson is aware of his or her rights and obligations to the school. Research tells us that most people only remember 25% of what they hear. A written contract helps to assure understanding and emphasizes the importance of the agreement. It can often help resolve later disagreements.

Licensing

The school must assure that each sales representative working in a state is properly licensed or registered as may be required by local or state law.

Licensing assures that all sales representatives understand their responsibilities under the state's rules. Permitting a salesperson to enroll students for 6 months without a license is a flagrant violation of NHSC Standards. The top school official will have some explaining to do!

Training

The school must train new sales representatives before they are allowed to recruit students. Training must include the following:

- The NHSC Code of Ethics
- School courses
- School services
- School tuition
- Enrollment terms and policies
- Applicable local, state, and federal laws
- Accrediting Commission and NHSC Standards and requirements

Because the school is responsible for the training, it is held accountable when a salesperson does not know the guidelines. It is a warning signal of faulty training if a representative excuses complaints by pleading ignorance. A person who does not understand all responsibilities and limitations is ill equipped to perform well, and cannot be counted on to avoid costly mistakes.

Because the school is responsible for the training, it is held accountable when a salesperson does not know the guidelines.

As part of training, a school must provide a sales representative with:

- Sales manuals or materials covering applicable procedures;
- Sales presentation instructions; and
- General sales procedures.

When only "lip service" is paid to training newly hired sales representatives, subsequent on the job behavior regarding respect for the standards is all too predictable: you will get "lip service" in return.

Sales training in schools today often takes the form of 3-5 day seminars at the school, "home study lessons," formal exams, a period of on-the-job/probationary training, as well as the use of printed sales manuals.

Use of Titles

A sales representative must not use any title that indicates special qualifications for career guidance, counseling, or registration which are not, in fact, possessed.

False or exaggerated titles such as "Guidance Counsellor" or "Admissions Director" can be just as misleading as an advertisement guaranteeing job placement.

Placing Advertising

If a sales representative is authorized to prepare or place advertising or use promotional materials, the school has full responsibility for the materials used, and must approve any such materials prior to their use.

It is sound business sense for the school to approve advertising copy and promotional material *before* it is published. In addition, the main office should be aware of such material in order to respond knowledgeably to any complaints. However, even if material—such as a "take one" card on a bus—is acceptable in every way, if the card placed has not had prior school approval, this standard has been violated.

It is sound business sense for the school to approve advertising copy and promotional material ***before*** it is published.

Records

The school must maintain appropriate and current records on all sales representatives during their period of engagement.

By "current," the intent of the standards is that there be a continuing process of renewal. Updating, then, must be frequent, e.g., whenever there have been any personnel changes or new information that must be added. This is further insurance that a school monitors its representatives' actions—actions for which the school must take full responsibility. During on-site accreditation examination visits evaluators from the Accrediting Commission will ask to see a list of names and addresses of sales representatives. In the last analysis, how can a school effectively monitor and control the actions of field sales representatives if it is unable to produce a list of people in its employ?

Code of Ethics

The back page of the Business Standards contains the *Code of Ethics for Sales Representatives.* This Code is a "pledge" to be taken by each representative. Its use in training can be an effective means for instilling a feeling of pride in the individual salesperson.

Summary

Because a school must take full responsibility for all of its agents and employees, it is important to make sure ***every*** person is acting in accordance with the school's regulations. Looking back, one can see these Standards actually protect the school's best interests. Contracts, training, licensing, and agreements all assure that the representative knows the proper procedures and follows them.

Workshop for Lesson Four

(You need not complete this workshop if your school does not employ representatives.)

Each of the seven scenarios below is based on real-life situations. Test your knowledge of Section II C of the standards and their underlying rationale: how would you deal with each occurrence?

1. You call your new representative and learn she is recruiting students in an unemployment line, which is a violation of NHSC's Business Standards.

   Who would be held ultimately accountable for this violation?

   - ❒ A. The representative
   - ❒ B. The school president
   - ❒ C. The sales manager
   - ❒ D. The vice president of operations

2. You notice an error in a newspaper ad designed to recruit sales representatives for your school: the starting salary listed is actually the salary of a twelve year representative, and the responsibilities and benefits are exaggerated. The ad was placed by a new district manager.

   What action should you take:

   - ❒ A. Call the person responsible and fire him immediately.
   - ❒ B. Call the person responsible, explain the policy, and correct the error with the persons interviewed.
   - ❒ C. Orally correct the mistakes during the job interview.
   - ❒ D. Ignore it.

3. Your secretary has just finished the new sales representative contracts, and leaves them on your desk for approval.

   Of the following, which must be included in the contracts?

   - ❒ A. A statement about when and how much the salesperson is to be paid.

You need not complete this workshop if your school does not employ representatives.

- ❒ B. A pledge to follow the *NHSC Code of Ethics.*
- ❒ C. A pledge that the salesperson obey all applicable local, state, and federal laws.
- ❒ D. All of the above.

4. One of your salespeople leaves you a message: He has received his sales representative license. His state (Pennsylvania) requires licensure and is quite prompt in processing applications. You note that it is about time, since you just realize he has been recruiting students for your school for 6 months now!

   Under NHSC Standards, unlicensed sales representatives:

   - ❒ A. May not enroll students.
   - ❒ B. Must earn less than licensed representatives.
   - ❒ C. Are on probationary status until they receive all licenses required by law.
   - ❒ D. May enroll students temporarily.

5. In response to a complaint that he has violated two local ordinances and has given misleading information about terms of enrollment, your sales representative defends his actions by saying he had never been told his actions were against the law.

   If this is so, who is ultimately responsible for this ignorance of the local law?

   - ❒ A. The salesperson himself.
   - ❒ B. The salesperson's manager.
   - ❒ C. The school president.
   - ❒ D. The vice president of operations.

6. You notice that your most experienced salesperson is wearing a name tag reading "Admissions Counsellor."

   Should you take action to correct the situation?

   - ❒ A. Yes
   - ❒ B. No

7. **While riding on a bus you notice an ad for your school. You are sure it was never approved by your office. You note that it is a very effective advertisement and follows all but one "minor" NHSC Standard, saying "free lifetime placement" is available.**

   Must you take immediate corrective action?

   ☐ A. Yes

   ☐ B. No

Summary

All of the above situations violate NHSC Standards and should be corrected immediately. If you are familiar with the standards, these violations were probably not difficult to spot. More importantly, knowledge of the standards can help you take corrective action when something goes awry.

(Answers: 1. B 2. B 3. D 4. A 5. C 6. A 7. A)

Lesson Five

Tuition and Refunding

In this final lesson, we shall examine the "bottom line" of the Business Standards, the minimum policies on tuition and tuition refunding.

The last two lesson assignments (numbers 3 and 4) follow this lesson.

Perhaps no other aspect of the Business Standards is more critical to students than this section of the standards, for it is the school's careful interpretation and timely implementation of Section III that can impact dramatically on the individual students: in the amount of a refund to be awarded.

Let us turn to the rationale behind tuition and refund policies.

Perhaps no other aspect of the Business Standards is more critical to students than the section on refunds.

Tuition

Section A merits your special reading, for it is here that the concept of "tuition" is formally defined.

The definition of "tuition" put forward in Section III A often surprises new NHSC members and outside readers.

For example, tuition includes, among other things:

1. textbooks and study guides
2. all kits, tools and equipment
3. earned financial charges (not unearned, however)
4. exam proctoring fees
5. optional or required resident training
6. other items (refer to Section III A of the Business Standards)

What this means, in effect, is that the items above cannot be excluded when calculating a student refund. And for good reason.

Even though state law (New York, as a well known case) allows schools to state kit and text fees separately, the NHSC requires these

items to be included in a refund calculation. The "pro rata" feature of the NHSC's policy is thereby kept fully intact, and artificial pro rata policies for "instruction" are not encouraged or permitted.

The NHSC Refund Policy

The NHSC's cancellation and settlement policy (Section III B) is the keystone element in the Business Standards. Its notable features include:

The NHSC's cancellation and settlement policy is the keystone element in the Business Standards.

- total cost based
- performance based (lesson by lesson)
- a modified pro rata formula
- students are protected early in the course with an "opportunity to examine" materials
- extended cooling off period protects "impulse buyers"
- a 50% cut off point prevents students from taking advantage of schools
- a minimum national standard which all accredited schools observe.

The current NHSC refund policy came into effect for the first time in 1973. The NHSC pioneered in developing such a performance-based refund policy. Up to 1973, no tuition had to be refunded to students after 180 days of enrollment.

Part of the rationale for developing a performance-based (as opposed to the former time-based) policy was to:

1. Provide state and federal regulators with assurance that NHSC accredited schools were willing to absorb significant expense for students wishing to cancel, thereby obviating the need for draconian state laws, pro rata policies, "constructive" cancellation, etc.

2. Mitigate the financial burden on students who cancel early, thus providing greater consumer confidence during the time they are considering enrollment.

3. Provide an equitable refund for students who pay their tuition in advance and have to drop out before significantly benefiting from the course.

The NHSC refund policy has been one of the most significant factors in securing national acceptance of home study schools today. Some 20 states accept NHSC accreditation for one reason or another. Student complaints have decreased to a minuscule number. The FTC

Proposed Trade Regulation Rule was overturned in Federal Court in 1979. And a generation of students—hundreds of thousands of students—enrolled in courses because of the confidence they derived from the protections of the refund policy of the NHSC.

On January 1, 1990, a significant change in the NHSC's minimum tuition cancellation policy went into effect. The change involved the way the registration fee was to be treated in making refunds.

The NHSC refund policy requires that the ***school's registration fee must be subtracted from the total course price*** before calculating the percentage of tuition the school may retain.

An example of a current refund calculation is given below:

Total Course Price $2,000 (includes $150 registration fee)

Student requests cancellation after 10% of the lesson assignments have been submitted, but before 25% of assignments have been submitted.

School may retain: $150.00 (registration fee)
+ 462.50 (25% x $1,850)
$612.40 Total Retained by School

The school may keep $150 plus 25 percent times the tuition after deducting the registration fee: 25% x [$2,000 - $150] or .25 x $1,850 = $462.50.

The NHSC refund policy requires that the school's registration fee must be subtracted from the total course price before calculating the percentage of tuition the school may retain.

Questions and Answers on the Refund Policy

Q. *May schools require students to cancel their enrollment in writing before sending a refund?*

A. No. A student may cancel in "whatever manner." They may cancel by phone or in person if they choose.

Q. *Must a school print the words "all money due the student must be refunded in 30 days" on their contract?*

A. No. The school must observe this policy, but it need not print this language on the contract.

Q. *May a school withhold sending a refund check to a student pending return of a book, tool or kit?*

A. No. The refund must be mailed so that the student receives it within 30 days of his original request date.

Q. Certain federal and state laws require "written notice of cancellation." What does a school do about stating its method of cancellation?

A. Again, the school must observe the minimum NHSC policy in practice: if a student cancels by phone, the request for a refund must be honored.

Q. Does the NHSC approve tuition levels?

A. No.

Q. My state-mandated refund policy differs at certain points from NHSC's. Which policy must we observe?

The NHSC policy is a ***minimum*** national policy. A school may choose to have a more liberal policy.

A. The NHSC policy is a ***minimum*** national policy. You may choose to be more generous to students. In the case where state policy conflicts with NHSC policy, the student must receive the most generous settlement from each of the provisions that apply.

Q. If a student elects to cancel and demands a tuition refund, can he or she also demand to receive all of the kits in his or her course?

A. No. A student who elects to cancel and requests a refund of tuition is no longer in a "paid in full" status. This student would not be entitled to receive all kits and equipment.

Q. A "paid in full" student, early in the course, elects to cancel. Can this student demand to receive all course materials and still demand future lesson service?

A. No. A student who opts to "jump the tracks" and stop studying would be surrendering his right to future lesson servicing, since he has elected to end his contract by asking for the entire set of course materials.

Q. Must a "paid in full" student, who is beyond the halfway point in the course, automatically receive all of the kits and materials?

A. No. The student must: (a) actually request all course materials; and (b) understand that the terms of the enrollment contract are completed, including the school's obligation to service future assignments. However, the school may have a reinstatement policy. A reinstatement fee could be charged.

Q. What about a hardship case? What if a student is going abroad for a year and wants to receive all of his or her lesson materials? Do they give up their right to future lesson servicing?

A. A school certainly has the freedom to make exceptions in special cases. This would be a logical situation for such an exception.

Q. Must schools print the NHSC Refund Policy on contracts verbatim?

A. No. A school is free to use whatever refund language it chooses, so long as the minimum NHSC Standards are readily understandable to any prospective student. A school is free to be more generous in its refund policy if it chooses. A school could also express its policy in terms of the number of lesson assignments received as opposed to course completion percentages, e.g., "Upon receipt by the school of lesson X, you will be obligated to pay $Y." Any specific refund calculations a school makes must meet the minimum standards.

Q. May a school charge separately for required texts?

A. Yes, but the school must include the charge for texts in the "total course price" when calculating refunds to students who purchased the texts from the school.

A school is free to use whatever refund language it chooses, so long as the minimum NHSC standards are readily understandable to any prospective student.

A Sample Refund

Study the sample refund calculation below. If you have a question, do not hesitate to call the NHSC office for help.

Sample Refund Calculation

Facts

Stated tuition $1,000 (includes full finance charge)
Registration fee: $150
Required lessons: 100
Number of lessons received for grading: 35 of 100
Amount of finance charge: $85
Amount of finance charge ***earned***: $80
Amount received from student: $900

Calculation

Percent of lessons submitted: 35% (35 lessons received)

School may retain:	$150	Registration fee
	+425	50% of the tuition balance ($1,000-$150 Registration Fee)
	$575	Total
	- 5	Less unearned finance charge
	$570	

The tuition received:	$900
Less amount school may keep:	-570
Refund amount:	$330

SPECIAL NOTE: After 5 days, the school may keep the registration fee of $150. However, when calculating the percentage of stated tuition to be retained, the registration fee must not be "counted twice. The school may only keep $150 + $425 (50% of $1,000-$150).

Tuition Collections

A member school must clearly acknowledge the existence of its cancellation and settlement policy in all correspondence on the subject between a student and the school's representatives.

An accredited school must clearly acknowledge the existence of its cancellation and settlement policy in all correspondence on the subject between a student and the school's representatives (including banks, collection agencies, or lawyers).

The school must comply with the NHSC's minimum cancellation and settlement requirements—even if promissory notes or enrollment agreements are sold or discounted to third parties.

Collection procedures used by the school or third parties must reflect "ethical business practices."

The NHSC's overall policy on treatment of students includes the concept that accredited schools ***refrain*** from filing lawsuits against their students. The ill will created, the exposure to state intervention and the expense created by lawsuits are hardly worth the risks.

In summary, good taste, FTC guidelines on debt collection and common sense must prevail in collection efforts. Accredited schools, therefore, do not, in their letters to students:

- threaten to garnish wages
- threaten to ruin credit ratings
- threaten to place a lien on a student's assets

These actions would require a court judgment, and a court judgment entails a legal filing against the student.

The FTC's *Guide to Debt Collection* is a well known set of instructions on what businesses are permitted to do in debt collection. To obtain a copy, call 202-326-2222.

Workshop for Lesson Five

Part I. Tuition

1. Tuition is defined as the total price of a course of instruction and is another area for which the NHSC has established standards. Which of the following fees must be included by accredited schools in calculating tuition? (Place a check next to the ones that apply.)

   ❒ A. Application, registration, matriculation, and down payment fees.

   ❒ B. Texts, study guides, workbooks, and required reference materials.

   ❒ C. Kits, tools, supplies, equipment, and audio visual devices and programs which must be purchased, leased, or rented as part of the regular course of instruction.

   ❒ D. Instruction and educational services.

   ❒ E. Placement and other services offered as a regular part of a course.

   ❒ F. Required resident training.

   ❒ G. Optional resident training and sessions offered as a regular part of a course.

   ❒ H. Required proctored examinations.

   ❒ I. Earned finance charges.

Tuition is defined as the total price of a course of instruction and is another area for which the NHSC has established standards.

Answer

All of the fees listed above ***must be included*** in a member school's calculation of tuition. This definition of tuition must be used by the school when:

- Preparing enrollment agreements,
- Calculating refund amounts, and
- Cancelling and settling student accounts.

2. The terms of payment of any specific course may vary from time to time: (Check one.)

   ❒ A. So long as the price is the same for all persons at any one time.

   ❒ B. According to whether it is sold by mail or through a sales representative.

   ❒ C. According to the state in which the student lives.

   ❒ D. According to a student's personal financial condition.

While the price and payment terms may vary from time to time, the total course price must remain consistent from student to student at any one time.

Answer

A. At any given time, the total price of any specific course must be the same for all persons, whether sold by mail or through a sales representative. While the price and payment terms may vary from time to time, the total course price must remain consistent from student to student at any one time.

3. Discounts on the price of a course may be offered: (Check all that apply.)

   ❒ A. To members of religious and government organizations.

   ❒ B. For group enrollments.

   ❒ C. For special payment plans available to all students at the same time.

   ❒ D. Never.

Answer

A., B., and C. Discounts may be offered in any of the first three cases, so long as they are bona fide and state the specific date the special price or discount ends.

Scholarships or partial scholarships must also be bona fide, and available to all students.

4. Announcements of tuition increases must state which of the following? (Check all that apply.)

   ❒ A. Date the increase takes effect.

   ❒ B. The reasons behind the increase.

Answer

A. Price increases must state the effective date of the increase. And that increase must be put into effect in a timely way for all students.

Part II. Cancellation and Settlement

5. The amount of tuition a school is entitled to keep when a student withdraws depends on how many lesson assignments the student has submitted to the school. The NHSC recognizes six levels of course completion (labeled 1-6 below) and six corresponding fees (labeled A-F below). Can you match the two lists according to the NHSC policy?

The amount of tuition a school is entitled to keep when a student withdraws depends on how many lesson assignments the student has submitted.

Amount of Course Completed

1. During the first 5 calendar days after the signing of enrollment agreement.
2. After the fifth day, but before the first lesson is submitted.
3. Up to and including completion of 10% of the course.
4. Up to and including completion of 25% of the course.
5. Up to and including completion of 50% of the course.
6. After completion of half the course.

Tuition School May Keep

- ❒ A. Registration fee.
- ❒ B. Registration fee + 25% of (tuition minus registration fee).
- ❒ C. The full tuition.
- ❒ D. No money whatsoever.
- ❒ E. Registration fee + 10% of (tuition minus registration fee).
- ❒ F. Registration fee + 50% of (tuition minus registration fee).

Answers

1. D
2. A
3. E
4. B
5. F
6. C

Summary

Tuition, cancellation and settlement are critical aspects of a school's business practices.

Because the National Home Study Council has national minimum standards covering these areas, students are able to enroll with complete confidence, state regulators are ensured of a minimum refund practice, and the public is well served.

Lesson assignment submission numbers 3 and 4 follow. You have now completed the reading and workshop portions of your course. Congratulations!

Tuition, cancellation and settlement are critical aspects of a school's business practices.

When you submit lesson assignments 3 and 4, you will be eligible to receive your *Certificate of Completion.*

At the Appendix you will find an excerpt of the *Examiner's Rating Form* used by the Accrediting Commission Business Standards Examiners. The several questions for Standards VII through X are an excellent overview of the Business Standards. Do a check of your school's practices using this rating form.

We hope you have enjoyed this course, and we welcome your comments on it.

NHSC Business Standards Course

Lesson Assignment Sheet
Number Three
"Refund Calculations"

Student Name: _____

School: _____

Address: _____

_____
City State ZIP Phone

Today's Date: _____

Mail to: Business Standards Course, NHSC, 1601 18th Street, N.W., Washington, D.C. 20009

Instructions

This is the third of the four required assignments you must submit. Send in this assignment sheet for correction.

Calculate These Refunds

(Transfer your answers to the assignment sheet.)

Calculate the amount of refund a student would receive given these facts:

A. Stated tuition is $1,000
B. Registration fee is $150
C. Required assignments: 10
D. Finance Charge: 0
E. Computer shipped after lesson 7.

1. Student "A" paid $150 total. Canceled his course on second day after signing contract. He submitted no lessons to the school. His refund should be $ _____.

2. Student "B" paid $150 down, and made 3 monthly payments of $100 each ($450 total). He submitted only 2 lessons to the school, then canceled. His refund should be $_____.

3. Student "C" paid $50 down, and paid an additional $700 after one month. He submitted 4 lessons to the school and then requested a refund. His refund should be $ _____.

4. Student "D" paid $1,000 (paid in full). He submitted 6 lessons and quit. He wants to receive the balance of the lesson materials and the computer. Under the Business Standards, must you send him all lessons and the computer if he drops out after lesson 6?

   ❒ Yes, he is entitled to the computer and lessons.

   ❒ No, he is not entitled to any further shipments.

Mail to: Business Standards Course, NHSC, 1601 18th Street, N.W., Washington, D.C. 20009

NHSC Business Standards Course

Lesson Assignment Sheet
Number Four
"Final Examination"

Student Name: _____

School: _____

Address: _____

_____
City State ZIP Phone

Today's Date: _____

Mail to: Business Standards Course, NHSC, 1601 18th Street, N.W., Washington, D.C. 20009

Instructions

This is your final assignment. Complete this exam and mail it to: Business Standards Course, National Home Study Council, 1601 18th Street, N.W., Washington, D.C. 20009. Record your responses to the questions in the spaces provided.

Part I: Multiple Choice

Select the response which best answers each question.

1. You wish to place a course ad in a newspaper classified section. Under which column may you place the ad?

   - ☐ a. Help wanted
   - ☐ b. Careers
   - ☐ c. Instruction
   - ☐ d. Business Opportunities

2. Which of the following phrases is the only acceptable one in disclosing a combination course?

   - ☐ a. Hs/Res Training
   - ☐ b. Cor-Res Course
   - ☐ c. Indep Study/Res Training
   - ☐ d. Home Study and Resident Training

3. Which of the following headlines for an ad would be considered acceptable under the Business Standards?

   - ❒ a. "Unemployed? Looking for a Job?"
   - ❒ b. "Learn Desktop Publishing in Just Four Months"
   - ❒ c. "America's Undisputed No. 1 Home Study School"
   - ❒ d. "Earn $200,000 in three months"

4. Which one of the following phrases about NHSC accreditation is acceptable?

   - ❒ a. Accredited by NHSC
   - ❒ b. NHSC Approved
   - ❒ c. Accredited Member, NHSC
   - ❒ d. Fully accredited

5. Which of the following marketing arrangements is acceptable under the Business Standards?

   - ❒ a. Independent Contractor
   - ❒ b. Franchise Arrangement
   - ❒ c. Sales Broker Arrangement
   - ❒ d. Third Party Distributorship

6. In preparing your refund policy, you are struggling with language on how students should notify your school when they wish to cancel. Which one of the following statements is acceptable?

   - ❒ a. You may cancel by writing the school
   - ❒ b. You may cancel by sending a certified letter
   - ❒ c. You may cancel by mail
   - ❒ d. You may cancel in any manner

7. Your course tuition is $500. What is the maximum registration fee you may retain for students canceling after 5 days but before submitting their first assignment?

   - ❒ a. $25
   - ❒ b. $50
   - ❒ c. $75
   - ❒ d. $150

8. Your $1,000 course has a $150 registration fee. It has 10 required lesson submissions/assignments. A student cancels in a month, after submitting lesson 6 to you. He has paid $500. How much must you refund to him?

   ☐ a. $50
   ☐ b. $100
   ☐ c. $150
   ☐ d. no refund due

9. Which of the following charges are considered to be included in the NHSC definition for "tuition"?

   ☐ a. computer kits
   ☐ b. textbooks
   ☐ c. tool rental fee
   ☐ d. all of the above

10. Before mailing out a refund to canceled students, you require the return "in satisfactory condition" of all books and materials. May you require return of materials before refunding?

   ☐ a. Yes
   ☐ b. No

Part II: Select the Acceptable Phrases

Put an X in the space provided for the advertising copy below which is *acceptable* under the Business Standards.

☐ 11. "No high-pressure, obnoxious salesman will call."
☐ 12. "Enroll now and get an absolutely free computer."
☐ 13. "Guaranteed Lifetime Placement."
☐ 14. "Earn tremendous $$$ quickly."
☐ 15. "America's Number One Home Study School.

Part III: True-False

Mark True or False in the spaces provided for each of these statements:

True	False	
☐	☐	16. A completed enrollment form must be provided to enrolled students by the school.

True	False		
❒	❒	17.	A school may admit a student who is 16, and still in high school, with parental permission.
❒	❒	18.	Top school management must approve, prior to use, every ad prepared or placed by field sales representatives.
❒	❒	19.	A canceled student must receive his or her refund check within 30 days of the date the student requested it.
❒	❒	20.	In ads, every school must include the fact that home study training or education is being offered.

Mail to: Business Standards Course, National Home Study Council, 1601 18th Street, N.W., Washington, D.C. 20009.

Appendix

This is an excerpt of the Examiner's Rating Form used by Accrediting Commission Business Standards Examiners. The several questions for Standards VII (Admissions Practices and Enrollment Agreements) through X (Tuition Policies, Collection Procedures, and Refunds) are an excellent overview of the Business Standards.

Using this excerpt, do a check of your school's practices.

VII. Admission Practices and Enrollment Agreements

Yes No A. Admission Practices

An accredited institution exercises care to enroll only students who can reasonably be expected to benefit from the instruction.

____ ____ 1. In admitting students, does the school observe fully the rights of all students, and commit no action which would be detrimental to the applicant because of race, sex or national origin?

____ ____ 2. Does the school accurately disclose to the applicant, in writing, the scope and nature of the course and its educational and/or training objectives?

____ ____ 3. Has the school established qualifications which an applicant must possess to enable the successful assimilation of the educational materials furnished?

____ ____ 4. Does the school determine with reasonable certainty, prior to acceptance of the applicant, that the applicant has been informed of and has the proper qualifications to enroll in the course?

____ ____ 5. Has the school established qualifications to assure that an applicant has no handicap, physical or otherwise, which could reasonably prevent the applicant's use of the knowledge or skills gained from the course?

____ ____ 6. Have minimum criteria for admission been established?

____ ____ 7. Are the school's admissions criteria appropriate and acceptable for the type of course offered?

Yes	No	
		(A. Admission Practices, cont'd.)
____	____	8. Do admissions requirements conform to generally accepted criteria for the kind of position or career for which the student is being trained?
____	____	9. Are admissions criteria in consonance with advertising statements and promotional literature for the course?
____	____	10. Does the education director play a role in the establishment of enrollment standards and criteria, and in the acceptance and rejection of prospective enrollees?
____	____	11. Are applicants and students actually rejected by the school for reasons other than lack of money or interest, etc.?
____	____	12. Is the school's admissions policy consistently and uniformly applied?
____	____	13. Did you see a file of rejections or can the school document the fact that students are rejected?
____	____	14. Does a significant sample of enrollment agreements on file agree with the school's publicly stated audience for its programs in terms of student age, education level, etc.?
		Compulsory School-Age Students
____	____	15. If the school enrolls compulsory school-age students, does the school require and document the receipt of appropriate permissions from responsible parties prior to their acceptance?
____	____	16. Can enrollees of compulsory school-age benefit from instruction with due regard for professional or legal restrictions of the career in the field for which trained?
____	____	**Meets Standard VII.A. overall.**
		B. Enrollment Agreements (Contracts)
		The written agreement and/or other written documents left with the student specify clearly the nature and scope of the course, the services and obligations to which the institution is committed and the privileges and obligations, financial and otherwise, of the student. Any changes in tuition, procedures or rates must be made applicable to all future enrollees.
____	____	1. Does the school use an enrollment agreement (contract) which clearly outlines the obligations of both the school and the student?
____	____	2. Is a completed copy of the enrollment agreement furnished the student either by the school's sales representative or by the school itself in the case of enrollments not obtained by sales representatives?

Yes No **(B. Enrollment Agreements, cont'd.)**

___ ___ 3. Is the enrollment agreement written in the same language (English, Spanish, French, etc.) as the language of the promotional presentation?

___ ___ 4. When an enrollment is obtained by a sales representative, is a receipt for money collected left with the applicant?

___ ___ 5. As printed on the enrollment agreement, is the cancellation and settlement policy in conformance with the NHSC Business Standards?

___ ___ **Meets Standard VII.B. overall.**

VIII. Advertising and Promotional Literature/Control of Sales Representatives

Yes No **A. Advertising and Promotion**

Advertising, promotional literature, and sales representatives of home study institutions make only clear and provable statements fully within the spirit of the NHSC Business Standards. Advertising in magazines, newspapers, on the radio or on television must be ethical in every respect. Flamboyant statements, emphasis on short-cuts or any statement of fact or by inference which is offensive to public educational authorities or to the general public are not to be employed in advertising or selling.

___ ___ 1. Is each advertisement or piece of promotional literature written or used by the school completely truthful?

___ ___ 2. Does all literature preclude giving any false, misleading or exaggerated impression with respect to the school, its personnel, its courses and services, or the occupational opportunities for its graduates?

___ ___ 3. Does all advertising and promotional literature used by a school clearly indicate that training or education is being offered?

___ ___ 4. Does all advertising and promotional literature include the full and correct name and location of the school and disclose the fact that home study training or education is given?

___ ___ 5. Does the school's address appear in catalogs, enrollment agreements, promotional literature and official NHSC listings? For this purpose, a Post Office Box number alone will not be considered an address.

___ ___ 6. Do testimonials of endorsement, commendation or recommendation used in school catalogs, advertisements and promotional literature portray currently correct conditions or facts? Has the writer's prior consent been obtained and is no remuneration made for use of the endorsement?

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Yes No **(A. Advertising and Promotion, cont'd.)**

____ ____ 7. Do advertisements and promotional material make it clear that "education" or "training," not employment, is being offered? Do advertisements appearing in classified sections of newspapers appear in columns headed "education," "schools" or "instruction" and not in "help wanted," "career opportunity," "employment" or "business opportunity" columns?

____ ____ 8. Is the word "Free" avoided to describe any item or service offered by the school as a regular part of the course? Is the word "Guarantee" avoided?

____ ____ 9. Does the promotional literature factually describe placement services, if offered?

____ ____ 10. Can the school demonstrate the availability of jobs which it mentions in its literature? Do placement figures compare with claims made in recent school literature?

____ ____ 11. Does the school refer to its accreditation in the precise language specified in the NHSC Business Standards?

____ ____ 12. Does reference to federal or state loan, grant or other benefit programs adhere to the regulations set forth by the appropriate agency?

____ ____ 13. Does the school avoid the use of misleading designs, colors, brochures, emblems, uniforms, etc.?

____ ____ **Meets Standard VIII.A. overall.**

B. Control of Sales Representatives

Methods of selecting, training, supervising, terminating and compensating sales representatives assure representatives who reflect credit upon the home study field. Sales representatives, when used, must be directly responsible to the institution. The institution must give supervision to its representatives, and orientation or pre-employment training must be provided before permitting them to solicit enrollments. A current list of sales representatives and their supervisors shall be available through the usual reference sources such as the telephone book, the local credit bureau and bank. An institution under indictment by a state or federal government agency for any deviation from good ethical practice shall not be accredited until cleared of all charges.

Recruiting Sales Representatives Personnel

____ ____ 1. Are appropriate and required screening and selection procedures used?

____ ____ 2. Do newspaper advertisements, school brochures and interview scripts give only factual and accurate information about sales representative's jobs?

____ ____ 3. Is the compensation plan for salesmen fair and adequate?

Yes	No	(Control of Sales Representatives, cont'd.)
____	____	4. Are commission structures, charge backs, accruals, or other methods of compensation carefully explained to prospective job applicants?
____	____	5. Does the salesman's written agreement with the school spell out all rights and obligations of both the school and the salesman?
____	____	6. Does each salesman have a written agreement with the school? Do agreements meet provisions of the NHSC Business Standards?
____	____	7. Are copies of the agreements for all currently employed salesmen on file at the school?
____	____	8. Has the school refrained from any use of third party sales organizations (franchises, distributorships or brokers)?
____	____	9. Are all salesmen properly licensed and bonded as required by the states?
____	____	10. Are all persons who come into contact with prospective students, for the purpose of soliciting enrollment, properly licensed and bonded?
____	____	11. Are complete school records on salesmen maintained?
____	____	12. Are complaints against salesmen handled effectively?
____	____	13. Does the school discipline or terminate salesmen who violate school policies?
		Sales Supervision, Training and Control
____	____	14. Does the school have an adequate training program for its salesmen?
____	____	15. Does the program meet all NHSC requirements?
____	____	16. If salesmen place advertising, is such advertising approved in advance?
____	____	17. Does the school keep salesmen informed of changes in policy?
____	____	18. Has the school studied and kept records of school trends in compensation levels, turnover, supervisory ratio, number of complaints arising from agent discharge, etc.?
____	____	19. Are efforts (verification, etc.) made by the school to check on what salesmen are telling prospective students?
____	____	20. Is there evidence that salesmen clearly understand and take seriously the Code of Ethics for Sales Representatives of the NHSC?

Yes **No** **(Control of Sales Representatives, cont'd.)**

Titles

____ ____ 21. Is the position title used by sales representatives and personnel an accurate one? (Could their titles give any misleading impression to prospective students?)

____ ____ 22. Did you verify the list of sales personnel at the school?

____ ____ **Meets Standard VIII.B. overall.**

IX. Financial Responsibility

Yes **No** **A. Financial Practices**

The institution shows, by financial statement, that it is financially responsible and that it can meet its financial obligations to provide service to its students.

____ ____ 1. Do the school's financial statements demonstrate financial responsibility?

____ ____ 2. Is there a balanced budgetary expenditure between educational activities, including materials and student-faculty services, and the other administrative-advertising requirements?

____ ____ 3. Are current assets sufficient to meet current liabilities?

____ ____ 4. Are the reserves honoring future obligations and bad debts adequate?

____ ____ 5. Are inventories of course materials adequate for current and future servicing requirements?

____ ____ 6. Is the method for recording income appropriate and realistic?

____ ____ 7. Are the methods for valuing assets, inventory and for identifying liabilities realistic?

____ ____ 8. Are these methods applied, tested or approved by independent, outside auditors?

____ ____ 9. Do the accounts payable (numbers, amounts and age) reflect sound financial responsibility and management?

____ ____ **Meets Standard IX.A. overall.**

B. Demonstrated Operation

A new institution shows two years of sound and ethical operation. Institutions which are branches or affiliates of established institutions may be accredited after fewer than two years of operation.

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Yes No (B. Demonstrated Operation, cont'd.)

____ ____ 1. Has the school demonstrated sound financial responsibility and ethical operation for the preceding two years?

____ ____ 2. Can the school demonstrate that it has operated successfully as a home study school for the preceding two years?

____ ____ 3. If this is a recently established branch or affiliate of an established school, does the financial record of the parent school reflect at least two years of sound, ethical operation?

Documentation of Financial Stability

____ ____ 4. Are financial statements complete?

____ ____ 5. Are *all* notes and supplementary schedules to statements included?

____ ____ 6. Do the statements include an income statement, balance sheet, statement of cash flows and explanatory notes?

____ ____ 7. Did the school provide detailed operating statements for school divisions of corporate owners?

____ ____ **Meets Standad IX.B overall.**

X. Tuition Policies, Collection Procedures, and Refunds

Yes No A. Tuition Policies

Tuition policies are in keeping with the provisions of the NHSC Business Standards, Section III A.

____ ____ 1. Is the course tuition the same for all persons at a given time (except for allowable discounts)?

____ ____ 2. Do price discounts have a published termination date?

____ ____ 3. Are price increases actually put into effect for all students on the announced dates?

____ ____ 4. Are discount offers, scholarships, aptitude tests and contests *bona fide?*

____ ____ **Meets Standard X.A. overall.**

Yes No **B. Tuition Collection Procedures**

Tuition collection practices and procedures are fair. They encourage the progress of students and seek to retain their good will. The right to protect its financial interests is inherent with any accredited institution. Its tuition collection practices are in keeping with sound and ethical business standards.

____ ____ 1. Are tuition collection procedures fair and in keeping with sound, ethical practice?

____ ____ 2. Do collection practices encourage the student to proceed with the course?

Collection Agencies

____ ____ 3. Do the collection notices, forms and telephone scripts used by outside collection agencies conform to ethical business practices?

____ ____ 4. Does the school enforce written ethical standards for its collection agencies?

____ ____ **Meets Standard X.B. overall.**

C. Tuition Refund Policies

The institution recognizes that there are legitimate reasons why enrolled students may not be able to complete their training with benefit to themselves. Accordingly, the school has a policy for equitable tuition adjustment in such cases. Records are maintained on tuition refunds and enrollment cancellations to provide a reference source for management analysis.

____ ____ 1. Does the school's cancellation and settlement policy meet the minimum requirements of the Accrediting Commission?

____ ____ 2. Are students provided refunds within 30 days?

____ ____ 3. Do student records contain the methods of how refund amounts are calculated?

____ ____ 4. Is the refund policy stated on the student's copy of the enrollment agreement?

____ ____ 5. Does the school make refunds to students who have paid beyond their progress in the course?

____ ____ 6. Does the school permit students who have paid in full to receive all course material even though they no longer wish to submit lessons for grading?

____ ____ 7. Are students permitted to cancel "in any manner," including orally?

____ ____ **Meets Standard X.C. overall.**

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